

Commerce & Industry Board Meeting Minutes
Baton Rouge, Louisiana
June 23, 2004

Board Members Present: Noel A. Murano, Leonard Kleinpeter, Millie Atkins, Ernest Broussard, Jr., Carlton Gibson, Mayor Ronnie Harris, Sibal Holt, Martin Johnson, Rustin Johnson, Alvin Kessler, John T. Landry, Philip Montelepre, Alice Pecoraro, Gale Potts Roque, Stewart Scott, Leroy St. Pierre, Michael Thompson, and Wade Trahan.

Board Members Absent: Lt. Gov. Mitch Landrieu, and Secretary Don Hutchinson

LED Staff Present: Mike Williams, Darryl Manning, Bob Berling, Ed Baker, Marylyn Friedkin, Laverne Jasek, John Jernigan, and Gwen Brinkley.

Guest Present: Dawn Butler, Begnaud Manufacturing; David W. Chadwick, GAME Equipment, LLC; John Smith, Kory LeBlanc, J. Haws; Dan Ehrhart, Steven LeBlanc, Marathon Ashland Petroleum, LLC, James Maddox, Port Aggregates, Inc.; Doug LeBleu, Time Resources; Charles Zatarain, Charles C. Zatarain & Associates, Inc.; J. Wayne Purdon, John Graves, Patricia Galbraith, Doug Rhodes, ExxonMobil; Bob Adair, Robert Angelico, Entergy; Mike McGuire, Greentech Panels; Hollie Jones, Ken Townley, Wal*Mart; James Nagode, Ondeo Nalco; Debra Gibson, Citgo/LATR; David Ngo, Dow; Jason Patten, Stuller, Inc.; Mike Kilcoyne, Plunk's Truck Parts & Equipment, Inc.; Nick Lemoine, Lemoine Consulting Services; T. Steven Martin, Parish Anesthesia of Baton Rouge; David Wright, Carey Salt Company; Michael Mancuso, WNO Ownership, LLC; Gerlot DeVries, Steven LeBlanc, Marathon Ashland Petroleum, LLC; Brad Lambert, Jim Harris, Harris, DeVille & Association/DSM Copolymer; Wally Dows, Marathon Ashland Petroleum; Gary W. Aikens, BASF Corp; Jim Harris, Harris, DeVille & Associates, Inc.; Jesse Zeringue, DSM Copolymer, Inc.;

Call to Order: Chairman Murano called the meeting to order at 1:35.

Roll Call: Seventeen board members were present at the time of roll call. Sibal Holt entered after the meeting began for a total of eighteen board members present.

The board elected Mr. Noel A. Murano as the new chairman and Mr. Michael Thompson as the new co-chairman.

APPROVAL OF MINUTES:

A motion was made by Mr. Broussard, seconded by Mr. Thompson to approve the April 28, 2004 Commerce & Industry Board Meeting minutes. Motion carried unanimously.

Mr. Kleinpeter informed the board that Michael J. Olivier has been named as the new Secretary of Louisiana Economic Development. Mr. Kleinpeter also offered an apology from the Governor to the board members for not being able to better coordinate activities that would have allowed them to attend the scheduled announcement.

INDUSTRY ASSISTANCE

Bob Berling presented one Industry Assistance Application. Application #2004-0298 for DSM Copolymer, Inc., which manufactures Emulsion Styrene Butadiene Rubber used primarily in the production of automotive tires. The Baton Rouge facility is one of three remaining U.S. producers and currently employs 223 salaried and hourly workers with a total payroll, including benefits of \$14,000,000.00 annually. The company also employs approximately 100 contract workers. The Department is recommending an exemption of up to \$1,000,000.00 per year, for five years, for the retention of a minimum of 215 permanent employees at the Baton Rouge facility.

A motion was made by Mr. Johnson, seconded by Mr. Thompson to approve the DSM Copolymer, Inc. application. Motion carried unanimously.

QUALITY JOBS

Ed Baker presented four new Quality Jobs applications. For the sake of the new board, Mr. Baker pointed out that the staff has examined the new applications to determine their eligibility to apply for the program. The new applications together total 124 new jobs, over \$4,000,000 investment, and an annual payroll over a ten year period of \$52,000,000.

A motion was made by Mrs. Roque, seconded by Mr. Thompson to approve all of the new Quality Jobs applications. Motion carried unanimously.

Ed Baker presented two Quality Jobs renewal applications.

A motion was made by Mr. Rustin Johnson, seconded by Mrs. Pecoraro to approve all of the Quality Jobs renewal applications. Motion carried unanimously.

Mrs. Roque asked if the number of new direct jobs for application 1999-0560 is the number of jobs being created over the next five years. Mr. Baker answered "No, those are jobs that are partially already in place and what performance data indicates they will create.

STATE OF LOUISIANA
BOARD OF COMMERCE & INDUSTRY

QUALITY JOBS PROGRAM

Board Meeting – New Application Summary

Application Number	Company Name	Parish	New Direct Jobs	Total Investment	Est'd 10 Year Gross Payroll	Benefit Rate Percent	Est'd 10 Year Payroll Credit/Rebate	Est'd State Sales/Use Tax Rebate	Est'd Local Sales/Use Tax Rebate	Est'd Net Direct State Benefit (1)	Const Jobs	Construction Payroll	SIC Code	NAICS Code
2004-0084	Antares Technology Solutions, Inc.	East Baton Rouge	20	\$100,000	\$5,500,000	0	\$330,000	\$4,000	\$4,000	\$330,000	0			541511
2003-0552	Louisiana Corrugating LLC	Ouachita	55	\$4,700,000	\$10,147,036	0	\$608,820	\$4,000	\$0	\$608,820	17	\$715,000		121212
2004-0185	Parish Anesthesia Of Baton Rouge, LLC	East Baton Rouge	18	\$1	\$30,163,885	0	\$1,809,833	\$0	\$0	\$1,809,833	0			621111
2003-0538	Technology Exchange LLC	Tangipahoa	31	\$100,000	\$6,310,000	0	\$378,600	\$25,000	\$25,000	\$378,600	0			334419
TOTALS	4		124	\$4,900,001	\$52,120,921		\$3,127,253	\$33,000	\$29,000	\$3,127,253	17	\$715,000		

Renewal Applications

Application Number	Company Name	Parish	New Direct Jobs	Total Investment	Est'd 10 Year Gross Payroll	Benefit Rate Percent	Est'd 10 Year Payroll Credit/Rebate	Est'd State Sales/Use Tax Rebate	Est'd Local Sales/Use Tax Rebate	Est'd Net Direct State Benefit (1)	Const Jobs	Construction Payroll	SIC Code	NAICS Code
1999-0560	Convergys Customer Management	E Baton Rouge	932	\$7,500,000	\$184,429,745	5	\$9,221,487	N/A	N/A	\$10,804,862	92	\$1,500,000	7373	541512
1999-0233	Crosby Tugs, L.L.C.	Lafourche	210	\$0	\$41,850,000	5	\$2,092,500	N/A	N/A	\$2,453,603	0	\$0	4499J	48839
TOTALS	2		1,142	\$7,500,000	\$226,279,745		\$11,313,987	\$0	\$0	\$13,258,465	92	\$1,500,000		

Restoration Tax Abatement

Ed Baker presented four Restoration Tax Abatement transfers of contract.

Ed stated that the Restoration Tax Abatement program is a property tax program controlled mainly by the Board of Commerce & Industry and the local government. Whenever a piece of property already under contract transfers ownership, it is required to get approval from the local government and approval from the Board of Commerce & Industry. Mr. Harris asked “If the tax abatement is just a tax freeze on the assessed value, is there a minimum time the owners must maintain the property before selling it?” Ed Baker’s response was no because in a lot of cases, a builder will take a building, cut it up, make apartments out of an old warehouse or something, and sale it to new owners.

A motion was made by Mr. Broussard, Jr., seconded by Mayor Harris to approve all of the Tax Abatement transfers. Motion carried unanimously.

Staff recommends approval of the following contract TRANSFER(s):

1. Contract #**1992-06-0269**
1641 Amelia St., New Orleans, LA

From: Larry Fuslier

To: William Christopher Beary

2. Contract #**1998-0391-65**
506 E. Rutland, Covington, LA

From: Aubert & Pajares, LLC

To: CCJKR Holdings, LLC

3. Contract #**1995-0102-15**
2121 Airline Dr., Metairie, LA

From: 2121 Limited Partnership

To: Cox Communications Louisiana, LLC

4. Contract #**1997-0364-44**
1452 Magazine St., New Orleans, LA

From: Karl F. Hahn

To: Charles and Melinda Hickman

Ed Baker presented nine new Restoration Tax Abatement applications.

A motion was made by Mr. Kleinpeter, seconded by Mr. Thompson to approve all of the nine new Restoration Tax Abatement applications. Motion carried unanimously.

Ed Baker presented three Restoration Tax Abatement renewal contracts. Ed stated that this program, like Industrial Tax Exemption also allows an additional five years with the acquiescence of the local government. These three renewals have resolutions from the local government. Mr. Broussard asked if there is a certain amount of investment the applicant must maintain to be allowed to continue in the program. Ed answered that the local government is asked for the renewal. They decide whether or not to approve the renewal, and once they send us the resolution, we bring it to the board for approval. It is their money they are giving up.

A motion was made by Mr. Scott, seconded by Mayor Harris to approve the three renewal contracts. Motion carried unanimously.

Application Number	Property Owner Project Location	Project Est'd Amount	Estimated Taxes Deferred	Perm Jobs	Const Jobs	Construction Payroll
1999-0451-53	238-240 Chartres St. LLC 238-240 Chartres Street New OrleansOrleans	\$850,000	\$108,177	20	12	\$432,533 EZQJ
2002-0201-26	1130 Decatur Street LLC 1130 Decatur Street New OrleansOrleans	\$400,000	\$50,991	0	30	\$200,000 EZQJ
2002-0244-34	New Orleans French Quarter Condos, LLC 519 Frenchmen Street New OrleansOrleans	\$700,000	\$89,229	3	20	\$400,000 EZQJ
2002-0538-76	Baronne Street Properties LLC 855 St Joseph St. New OrleansOrleans	\$4,500,000	\$627,278	5	50	\$600,000 EZQJ
2003-0083-11	Jeff Karlson 1620 Arts St New OrleansOrleans	\$30,000	\$3,824	0	3	\$18,000 EZQJ
2003-0238-35	Beauregard Town Propertie, LLC 721 Government St, 70802 Baton RougeEast Baton	\$2,025,000	\$173,183	0	50	\$1,034,248 EZQJ
2003-0277-42	R. Edward Newsome Jr., Md 926 Toulouse New OrleansOrleans	\$244,108	\$22,580	0	10	\$48,193 EZQJ
2003-0542-81	Melrose Urban Limited Partnership I 1111 Rodin Baton RougeEast Baton	\$1,814,936	\$94,404	5	75	\$358,475 EZQJ
2003-0542-82	Melrose Urban Limited Partnership I 6760 Cezanne Ave Baton RougeEast Baton	\$1,475,525	\$76,749	5	75	\$291,525 EZQJ
9	ApplicationTotals	\$12,039,569	\$1,246,415	38	325	\$3,382,974

CONTRACT RENEWAL(S)

Application Number	Property Owner Project Location	Project Est'd Amount	Estimated Taxes Deferred	Perm Jobs	Const Jobs	Construction Payroll
1997-0188-19	Campus Housing, Inc. 3000 Magazine St, New Orleans New Orleans Orleans	\$3,404,922	\$274,675	0	25	\$1,250,000 EZ QJ
1998-0567-03	Veda M. Manuel And MUSA R. C. Eubanks 625 Hagan Street New Orleans Orleans	\$66,500	\$8,346	5	8	\$41,500 EZ QJ
2	Application	Totals	\$3,471,422	\$283,021	533	\$1,291,500

ENTERPRISE ZONE

Marylyn Friedkin presented thirty-seven new Enterprise Zone applications. ACT Management Company, Inc. was withdrawn by the applicant. Mr. Murano stated, "The Enterprise Zone is a payroll program. As I understood it many years ago, it was originally set up for different companies to bring jobs to a depressed area. I think the legislature decided to make the whole state an Enterprise Zone program". Mr. Murano doesn't agree with giving tax incentives to build retail stores. He stated that the jobs they are bringing are not to a depressed area, and that the retail store didn't open to help that community, but to make a profit. Otherwise, they wouldn't build a retail store. He also commented, "It is different than say Stuller, Inc. whose manufacturing jewelry in Lafayette and hiring hundreds of people to do a particular job". Mr. Murano is concerned that the money from these organizations coming in to build retail stores, is not local and that the money will leave our state. He also commented on the section of the application that indicates they will create 200 new jobs and called on Marylyn Friedkin to explain.

Marylyn referred to section 1 of the application that asks for the number of employees the day prior to construction/project began date. Marylyn indicated that this particular application is to build a new Wal*Mart to replace the old Wal*Mart. They took the existing 200 people they had at the old facility and they must grow. They must count more net new jobs than they had whenever they closed the old store. They don't get credit for transferring jobs. Credit is only given for net new jobs. Mrs. Holt asked if it has been written into law that an Enterprise Zone no longer has to be a low economic depressed area. Marylyn answered that the company no longer has to be located in an Enterprise Zone to qualify for the program. Mrs. Holt asked for clarification on the criteria. Marylyn informed the board that a company must create five net new jobs or increase their current statewide workforce by 10% in the first year. Of those jobs, 35% of them must meet one of the hiring criteria. Residency is a hiring criteria. If a company is not located in an Enterprise Zone or an Urban Parish, the qualifying employee must live in an Enterprise Zone in the same parish where the company is located. For example, East Baton Rouge is an urban parish. For employees to meet the residency requirement for a company in East Baton Rouge parish that person would have to live in an Enterprise Zone in East Baton Rouge Parish. Mrs. Holt indicated that she did not understand and asked for the information to be repeated. Marylyn stated, "If a company in an urban or a rural parish is not in an Enterprise Zone, the only way an employee can meet the residency requirement is for that employee to live in an Enterprise Zone in the parish where the company is located. Mrs. Holt asked Marylyn for the definition of an Enterprise Zone. Marylyn defined the Enterprise Zone in accordance with the state laws as the poorest 40% of the census tract & block group in the state of Louisiana. There are Enterprise Zones in every parish in Louisiana. I have one parish with three Enterprise Zones and one parish with over 300. Marylyn defined a census tract and block group as the area it takes the census takers to take the census from 300 families.

Mrs. Pecoraro asked if the retailers such as Wal*Mart and Lowes received similar benefits in other states. Marylyn referred Mrs. Pecoraro's question to Ken Townly, a consultant with Glick & Glick representing Wal*Mart. Mrs. Pecoraro repeated her question to include such states as Texas, Arkansas and Mississippi. Mr. Townley assured her that the state of Texas has an Enterprise Zone program, and the whole state of Arkansas is an Enterprise Zone, but does not

offer the credit to retailers. Mr. Montelepre indicated that he has reviewed the laws in the various states and referred to the review as comparing apples to oranges. He stated that the percentages are different, the requirements are different and there are no similarities in incentive programs throughout any of the fifty states.

Mr. Harris asked if the staff Attorney was present. Darryl Manning was introduced to the board. Mr. Harris asked if there have been other retail applications making requests for similar rulings from this board in the past. Darryl Manning answered that it is very common for retailers to be granted exemptions by this board and that the statute says that any business is eligible for Enterprise Zone benefits. The board has granted Enterprise Zone contracts to retail establishments in the past including Wal*Mart.

Mr. Montelepre informed the board that he has been on the board eight years with Mr. Johnson, the chairman and Mr. Kleinpeter and have had this conversation many times about being fair. The rules have to be applied like any judge would and we have to apply judgment. This board has a purpose. It is to apply collective wisdom and judgment. The Legislative Auditor made an audit of this board about two years ago and held that we did not take into consideration something that is written into our requirements and that is to take into account the best interest of the state. He agreed with the counselor to follow the rules or else we would be arbitrary and capricious and violate the constitution. Mr. Montelepre also stated that on the other hand if the rules are applied adverse to the state, then the rules are not being applied the way they should be across the board. He also suggested voting against the Wal*Mart applications because he does not believe the numbers on the applications. Mrs. Roque asked if there was a method in place to investigate the application and has the same concerns as Mr. Montelepre on the numbers and the number of net new jobs. Mr. Manning informed the board that the applications are filed with estimates, but the number of jobs is checked. As far as the sales tax rebates, Wal*Mart has to submit an application to the Department of Revenue. As far as the jobs credits are concerned, there isn't a way to monitor that on the front end, but we do audit the employee certification forms that are sent in. They only get job credits for the actual increase in jobs. Mrs. Roque commented that her understanding is that even though the dollar amounts are estimated and rounded off, the real checks and balances is with the agency that does the actual tax rebate.

Mr. Rustin Johnson asked the Wal*Mart representative if the new permanent jobs are full time or part-time jobs and are they eligible for benefits. The representative answered that they get the numbers of the new hires from Wal*Mart, but the numbers don't indicate which jobs are part time and which are full time. After further discussion, (the board members speaking at the same time), it was difficult to determine who was saying what, Mr. Murano commented that if it is not in the best interest of the State of Louisiana, we do not have to approve anything. Mr. Rustin Johnson told the board if the employees are not eligible for benefits, that is not in the best interest of Louisiana and he is against it. At that point, a decision was made to defer all five Wal*Marts and the Lowe's applications. The board requested a representative with some answers to their questions to be at the next meeting.

A motion was made by Mr. Trahan, seconded by Mayor Harris to defer the Wal*Mart and Lowe's applications. Motion carried unanimously.

Mrs. Roque stated that the board is interested in quality jobs coming into Louisiana. When we say quality jobs, we mean forty hour work week jobs paying a decent wage and if the job can only pay minimum wage as some of the retail outlets do, we would still prefer a forty hour job where the employee can obtain benefits. Mrs. Roque also asked Marylyn if there is a statute within this program that identifies the job as a full time job or part-time job or is a job just a job? Marylyn indicated that there is a difference and she has always used forty hours, but whenever the last change was made to Quality jobs, the hours for a full time job changed to thirty-five hours and because of the sales tax rebate, the Enterprise Zone dropped their full time hours to thirty-five hours per week. A part-time person must work twenty hours every week for 26 weeks. The company has to submit a schedule that shows the part-time employee's hours on a weekly basis. If the hours drop down to 19.5 hours on week twenty four, that twenty six week period starts all over. Mrs. Pecoraro asked if there is any reason the question of whether a job is considered part-time or full time isn't being asked on the application. Marylyn answered that she can start asking the question, but the results would not be evident for a few years. Mr. Landry pointed out that what Marylyn's definition of a full time job is may be different from what Wal*Mart considers full time. Marylyn stated that she tells every company that a full time employee is someone hired to work thirty five hours a week and a part time person must work between 20 and 39.9 hours a week. Marylyn assured the board that a full time employee by the Enterprise Zone standards, that works at least 35 hours a week is eligible for benefits. Mr. Kessler stated that he thinks it would help to know how many Wal*Marts are in the program now.

Mr. Thompson inquired if anyone knew what the state requirements were with regards to the amount of hours that are considered part time and full time. He also stated that when you get into retail, where does it stop because in his area, if you get a Wal*Mart you are lucky. Mr. Thompson said that he is not being overly sympathetic, but it makes a lot of difference when you consider the different areas. He pointed out that as he looks at the other retailers on the list, should he take the same perspective with them as with Wal*Mart. Mr. Harris asked if there is a mechanism where we determine policy, policies for our own board. He also commented that Mr. Kleinpeter mentioned to him that there aren't any committees set up. Mr. Harris said that "Wal*Mart is not just a retailer. They are the number one fortune 500 company and just a little bit different than Ron's Warehouse furniture. Mr. Harris stated that he would like to avoid being arbitrary and capricious, and that he is a little lost at the direction he needs to take concerning this property matter and asked the Chairman if there can be a discussion with the staff Attorney to establish some direction and policy in order to be more consistent in the future. Chairman Murano suggested the establishment of the rules committee and a meeting in the near future. Mrs. Pecoraro suggested consideration of the construction cost and the construction jobs that go into building a facility which are other issues to think about when making decisions and being fair to all of the businesses.

A motion was made to by Mr. Montelepre, seconded by Mr. Rustin Johnson to approve the remaining Enterprise Zone applications. Motion carried unanimously.

BOARD OF COMMERCE & INDUSTRY
Enterprise Zone Program
Summary of Enterprise Zone Applications
June 23, 2004

Staff recommends approval of the following NEW APPLICATIONS:

APPL NUMBER	COMPANY	LOCATION	INVESTMENT	ITE	TAX RELIEF		NEW PERMANENT*		CONSTRUCTION		SIC
					**STATE	LOCAL	JOBS	SALARIES	JOBS	SALARIES	
2003-0503	Act Management Co Inc.	Chalmette	\$401,717	No	\$21,448	\$114,118	60	\$2,170,000	30	\$150,000	5812
2003-0326	At-Bar, Inc dba Haynesville Sonic Drive In	Haynesville	\$787,732	No	\$53,445	\$10,316	14	\$576,000	39	\$102,805	5812
2001-0420	Begnaud Manufacturing, Inc./Begnaud	Lafayette	\$1,876,321	Yes	\$84,493	\$69,493	6	\$545,000	32	\$48,114	3144
2003-0100	Church Street Inn, LLC	Natchitoches	\$768,977	No	\$27,219	\$9,719	7	\$408,786	25	\$336,000	7011
2001-0467	Crown Roofing Services Inc.	Kenner	\$1,071,904	No	\$93,831	\$39,015	94	\$5,120,000	154	\$590,785	1761
2002-0069	Dontrell Trucking, LLC	Farmerville	\$0	No	\$47,898	\$0	26	\$2,453,736	0	\$0	4213
2001-0205	Greentech Panels, LLC	Minden	\$22,647,000	No	\$923,670	\$506,980	45	\$4,463,000	65	\$1,500,000	2493
2002-0565	Intralox LLC	Harahan	\$7,225,132	Yes	\$514,271	\$286,400	110	\$7,980,000	8	\$176,000	3556
2003-0418	J Haws & Associates Inc.	Bossier City	\$2,395,296	Yes	\$83,412	\$34,610	21	\$1,164,800	30	\$441,447	2541
2003-0358	Jiffy Mart, Inc. #3	Denham Springs	\$1,411,000	No	\$42,000	\$0	17	\$884,000	75	\$200,000	5411
2003-0208	Lowe's Home Centers, Inc. #3497	Covington	\$8,600,000	No	\$97,500	\$57,000	17	\$1,275,000	225	\$2,250,000	5911
2003-0262	Marathon Ashland Petroleum LLC	Garyville	\$255,000,000	Yes	\$4,105,000	\$4,080,000	10	\$1,640,000	740	\$67,800,000	2911
2002-0389	Monique Pierce Hamilton, MD APMC	New Orleans	\$19,946	No	\$11,042	\$997	6	\$445,000	0	\$0	8011
2001-0404	North American Pulp Molding, LLC	Haynesville	\$2,225,000	Yes	\$167,500	\$0	67	\$1,595,400	2	\$10,000	2679
2003-0031	Olde Oaks Golf Club, LLC	Haughton	\$1,630,654	No	\$44,500	\$20,000	9	\$582,560	25	\$662,900	7992
2003-0123	Ondeo Nalco Co dba Nalco Chemical Co.	Garyville	\$9,354,781	Yes	\$285,000	\$290,000	12	\$1,695,000	201	\$2,725,711	2815
2002-0495	P & P Automotive Interests, Inc. dba Team	Baton Rouge	\$5,904,910	No	\$77,500	\$63,000	7	\$560,000	75	\$1,000,000	5511
2003-0263	Plunks Farm & Construction LLC	West Monroe	\$528,761	No	\$49,055	\$12,451	16	\$1,960,760	72	\$148,460	3523
2003-0359	Port Aggregates, Inc.	Lake Charles	\$731,841	Yes	\$69,326	\$14,326	22	\$3,850,000	13	\$29,000	3272
2002-0558	Quality Assured Plating LLC	Ville Platte	\$958,940	No	\$42,500	\$17,700	11	\$900,000	21	\$50,000	3471
2002-0015	Ron's Warehouse Furniture Inc.	Winnsboro	\$1,243,071	Yes	\$115,299	\$38,519	37	\$280,994	70	\$244,000	2511
2003-0051	Rouse's Enterprises, LLC	Covington	\$3,709,753	No	\$410,000	\$59,375	144	\$10,440,405	30	\$459,110	5411
2002-0013	Safe Haven Enterprises, Inc.	Jennings	\$906,139	Yes	\$96,245	\$40,776	24	\$3,625,361	20	\$55,393	3448
2000-0172	Sanderson Farms, Inc.	Hammond	\$2,359,215	Yes	\$507,670	\$70,776	276	\$21,542,976	50	\$500,000	2015
2000-0224	St. Charles Hotel, Llc dba Ramada Inn & Suites	St. Rose	\$10,083,303	No	\$107,500	\$31,500	31	\$1,040,000	40	\$600,000	7011
2001-0579	St. James Place of Baton Rouge	Baton Rouge	\$2,410,500	No	\$48,445	\$64,365	50	\$3,494,290	35	\$2,004,136	8059
2002-0619	Stuller, Inc.	Lafayette	\$6,899,616	Yes	\$180,950	\$103,710	34	\$4,250,000	12	\$131,239	3911
2002-0534	Trison Constructors, LLC	Metairie	\$4,000	No	\$127,600	\$100	51	\$10,297,110	2	\$10,000	1623
2002-0465	Wal*Mart Louisiana LLC #0553	Slidell	\$7,000,000	No	\$575,500	\$75,500	200	\$16,989,234	100	\$2,500,000	4200
2002-0466	Wal*Mart Louisiana LLC #0839	Baton Rouge	\$7,000,000	No	\$775,500	\$75,500	280	\$23,784,928	100	\$2,500,000	4200
2003-0266	Wal*Mart Louisiana LLC #1102	Baker	\$7,000,000	No	\$575,500	\$75,500	200	\$16,384,000	100	\$2,500,000	4200
2003-0267	Wal*Mart Louisiana LLC #1128	Marksville	\$7,000,000	No	\$413,000	\$75,500	135	\$11,467,733	100	\$2,500,000	4200
2003-0217	Wal*Mart Louisiana LLC #5328	Baton Rouge	\$3,375,000	No	\$275,250	\$37,750	95	\$8,069,886	50	\$500,000	5311

BOARD OF COMMERCE & INDUSTRY
Enterprise Zone Program
Summary of Enterprise Zone Applications
June 23, 2004

Staff recommends approval of the following NEW APPLICATIONS:

APPL NUMBER	COMPANY	LOCATION	INVESTMENT	ITE	TAX RELIEF		NEW PERMANENT*		CONSTRUCTION		SIC
					**STATE	LOCAL	JOBS	SALARIES	JOBS	SALARIES	
2003-0191	Waring Oil Company	Bossier City	\$1,110,879	No	\$45,400	\$11,300	11	\$730,000	50	\$332,300	5541
2003-0171	Willstaff Crystal, Inc.	Monroe	\$385,882	No	\$124,212	\$2,352	49	\$2,510,000	8	\$35,414	7363
2001-0163	WNO Ownership, LLC	New Orleans	\$50,684,000	No	\$1,250,000	\$450,000	200	\$36,250,779	450	\$20,933,000	7011
2002-0223	Workstrings, LLC	Broussard	\$2,242,715	No	\$90,000	\$35,000	22	\$3,295,000	33	\$825,000	1389
37		TOTALS	\$436,953,985		\$12,558,681	\$6,873,648	2,416	\$214,721,738	3,082	\$114,850,814	

Industrial Tax Exemption

John Jernigan presented twenty-five new Industrial Tax Exemption applications. John suggested taking the Entergy application that was deferred from the last month's board meeting first. Mr. Clyde Gisclair, St. Charles Tax Assessor addressed a question proposed to him by Chairman Murano at the last board meeting concerning what percentage of Industrial Tax Exemption does industry pay in St. Charles Parish. Mr. Gisclair told the board that the 90% he quoted at the last board meeting is incorrect and due to his misunderstanding of the question. He told the board that 69% of the value from tax exemption plants makes up the assessed value or the tax value in St. Charles Parish, however, it should be about 90%. Entergy Louisiana, Inc. has an application before you today for \$33,000,000.00. On the application, under Economic Impact, zero permanent jobs are listed. Entergy built a 2.8 million dollar company. It was appraised at \$734,000,000.00 by the Louisiana Tax Commission. The board granted a tax exemption for 2.8 million dollars which ended up being a tax write off for \$734,000,000.00 which also includes some other exemptions. Now, Entergy is coming before the board for more exemptions that they should not be granted. Mr. Gisclair gave examples of what other tax payers in his parish are responsible for paying before introducing Mr. Edelman.

Mr. Edelman, representative for the St. Charles Parish Tax Assessor's office commented on earlier discussion by board members concerning the board having a constitutional charge to act in the best interest of the state. When it comes to taxation issues, it goes beyond that. Not only does the board have to act in the best interest of the state according to the constitution, it can only give Ad Valorem tax exemptions to manufacturing establishments or additions to manufacturing establishments, two very specific and two very familiar words in the constitution. What we have here is a request by Entergy to get a tax exemption for \$33,000,000.00, expenditures for one of three nuclear plants. If you talk to Entergy, they will tell you that the plant is expanding due to an accounting rule established by the Federal Energy Regulatory Commission. The Federal Energy Regulatory Commission regulates the prices charged by utilities for wholesale sales of electric power. The accounting rules they put in place are designed to be used for calculation of rates charged. We met with Entergy representatives after the last meeting to have these rules explained to us. The FDRC rules as it applies to this scenario, requires the utilities to capitalize certain costs for rate charging purposes. The impact of which are costs that can only be passed along to the customers over an extended period of time. If you contrast that with a cost that is treated as a repair under the FDRC rules, a repair is immediately recoverable by the utilities and can be added to the rates and passed on to the customers. So what we are talking about here is an accounting rule that the Federal government has for rate charging purposes. It does not determine whether in fact what Entergy is spending \$33,000,000.00 on is an addition within the Louisiana Constitutional requirements. Mr. Edelman pointed out that the application indicates replacement of parts and repairing leaks. He also asked the board to consider whether this is an addition to a plant...more than that, the burden should not be on the tax payers in St. Charles Parish or the Assessor. It should be on Entergy and all its resources to prove this is an addition to a manufacturing plant. We know that it creates

no jobs and the point here is that the constitution and this board exists for the purpose of providing tax incentives to create jobs in Louisiana. It is not an addition to a plant.

From an accounting standpoint, Mr. Montelepre asked Mr. Edelman if the distinction between a capital item or repair expense item is the issue. Mr. Edelman answered that from an accounting standpoint, it is strictly an accounting rule from FDRC for regulatory, and does not control the constitutional interpretation of whether or not this is an addition to a plant. The FDRC rules require that when you spend a certain amount of money making certain repairs that you abrogate it and then you have to recoup that over time by capitalizing. It is strictly an accounting rule and does not mean that this is an addition to a plant. Mr. Montelepre asked Laverne and John how the rules are applied when you replace an item. Mr. Jernigan told the board that basically if it is a piece of equipment that is existing at the plant, it is replaced and you have to identify the original cost of the old piece of equipment that is being replaced and subtract it from the cost of the new piece of equipment and shouldn't affect the parish assessor's tax roll or the piece of equipment that is being replaced. They are only entitled to the difference in the costs for a five year exemption with a five year renewal. John was asked if this is what happened with this particular piece of equipment. John pointed out the 1.3 million in obsolete dollars listed in the information that the board members have.

Mr. Montelepre stated "This is a regulated utility, not a Wal*Mart. The customer is going to pay whether she turns on the lights or pays property taxes with a guarantee of 7.7% return on their capital investment and because they are a regulated utility they can't charge more but they are entitled to no less. Somebody is going to pay for this plant whether it is the tax payer one way or another, which is a lot different from a non-regulated enterprise. More than that, they are audited by Lloyd Toche under generally accepted accounting principles. Mr. Montelepre indicated disagreement with Mr. Edelman's interpretation of the Federal Entergy Regulatory Commissions rules. They provide a system of accounts, rule making, guidance and allegiance. This plant is governed by the Tax Commission, this board, Public Service Commission, audited by the Federal government, and an accredited accounting firm. As a whole, it seems that this application is fairly decent. After further discussion from Mr. Edelman and other board members, John Jernigan reiterated that after inspection of the plant by himself and Mr. Montelepre, along with Entergy sat down and reviewed the application, and found nothing to be ineligible. Mr. Jernigan also stated that anything inside the parameters of the plant that stays inside the parameters of the plant is considered an intricate part of the operational procedure, and is therefore considered eligible for exemption.

A motion was made by Mrs. Roque, seconded by Mr. St. Pierre to approve the Entergy application. Motion carried unanimously.

A motion was made by Mr. Rustin Johnson, seconded by Mr. Trahan to approve the remaining Industrial Tax Exemption applications. Motion carried unanimously.

Alphabetical Listing
Board of Commerce & Industry
 Wednesday, June 23, 2004

Staff RECOMMENDS APPROVAL of the following NEW OR ADDITION Applications:

Staff RECOMMENDS APPROVAL of the following NEW OR ADDITION Applications:										ECONOMIC IMPACT			TAX RELIEF			
Appl No	Company Name	Late Filing	Location	Parish	SC Recommended	Obsolete Amount	Ineligible Amount	Perm Jobs	Permanent 10 Yr Payroll	Const Jobs	Local Sales Tax	State Sales Tax	Est'd 10Year Prop Tax Rlf	Type	SIC	
1	2002-0537		Ai-shreveport L.L.C.	Shreveport	Caddo	\$4,973,221	\$0	\$0	200	\$73,862,000	0	\$194,942	\$183,475	\$1,166,220	N	3714
2	2004-8020		Alliance Compressors	Natchitoches	Natchitoches	\$5,533,492	\$0	\$0	68	\$24,519,440	0	\$198,566	\$198,566	\$816,743	A	3634
3	2004-8018		BASF Corp	Geismar	Ascension	\$15,620,109	\$0	\$0	0	\$0	0	\$0	\$0	\$0	N	2869
4	2000-0437		Carville Energy Center, LLC	St. Gabriel	Iberville	\$263,178,650	\$0	\$0	25	\$9,545,250	35	\$8,659,035	\$7,421,500	\$34,107,953	N	4911
5	2003-0159		Chalmette Refining, LLC	Chalmette	St. Bernard	\$202,332	\$0	\$0	0		4	\$2,751	\$2,201	\$34,518	A	2911
6	2002-0253		Conocophillips Company	Westlake	Calcasieu	\$6,450,705	\$0	\$0	0		40	\$95,614	\$80,517	\$1,100,490	A	2911
7	2004-8019		Cooper Cameron Corp	Ville Platte	Evangeline	\$5,680,473	\$929,903	\$0	0	\$0	88	\$158,649	\$158,649	\$600,994	A	3533
8	2003-0296		Cp Louisiana, Inc	Harahan	Jefferson	\$96,352	\$0	\$0	0		5	\$3,889	\$3,275	\$14,559	A	3412
9	2004-8014		Cuming Insulation Corporation	New Iberia	Iberia	\$613,625	\$0	\$0	0	\$0	25	\$20,191	\$20,194	\$94,069	A	3086
10	2002-0313		Dolphin Development, LLC	New Iberia	Iberia	\$660,630	\$0	\$45,855	6	\$2,163,480	50	\$16,194	\$16,194	\$101,275	A	3533
11	2002-0048		Elmer Candy Corporation	Ponchatoula	Tangipahoa	\$1,749,554	\$6,204	\$0	0		0	\$87,788	\$70,230	\$217,120	A	2066
12	2002-0563		Entergy Louisiana, Inc	Taft	St. Charles	\$33,843,775	\$1,356,601	\$0	0		88	\$236,404	\$236,404	\$5,966,657	A	4911
13	2001-0497		Exxon Mobil Corp (chemical)	Baton Rouge	East Baton Rouge	\$6,245,648	\$0	\$0	0		40	\$223,075	\$178,460	\$993,058	A	2869
14	2001-0287		Exxon Mobil Corp (plastics)	Baton Rouge	East Baton Rouge	\$186,150,670	\$0	\$0	92	\$53,141,040	1907	\$5,397,885	\$4,318,308	\$29,597,957	A	2821
15	2002-0102		Exxon Mobil Corp (refinery)	Baton Rouge	East Baton Rouge	\$255,195,000	\$0	\$0	9	\$5,562,270	1720	\$3,246,199	\$2,596,959	\$24,676,005	A	2911
16	2003-0180		Game Equipment, LLC	Napoleonville	Assumption	\$967,314	\$0	\$0	24	\$8,653,920	15	\$41,792	\$37,148	\$148,483	N	3523
17	2004-8017		Georgia-pacific Corp	Port Hudson	East Baton Rouge	\$54,885,938	\$118,666	\$0	45	\$21,078,450	152	\$2,209,535	\$1,767,628	\$8,726,864	A	2621
18	2003-0338		Ideal Steel, L.L.C.	Broussard	Lafayette	\$857,754	\$0	\$0	57	\$20,553,060	3	\$29,484	\$33,696	\$106,447	N	3541
19	2002-0565		Intralox Inc	Harahan	Jefferson	\$7,077,291	\$147,841	\$0	39	\$14,062,620	1	\$335,591	\$282,603	\$1,069,379	A	3556
20	2003-0140		Louisiana Plastic Industries, Inc.	West Monroe	Ouachita	\$1,308,029	\$0	\$0	8	\$2,334,720	0	\$71,942	\$52,321	\$202,744	A	3081
21	2003-0332		Ormet Primary Aluminum Corp.	Burnside	Ascension	\$6,269,585	\$125,000	\$0	27	\$15,595,740	40	\$207,783	\$207,783	\$884,011	A	2819
22	2002-0620		Platinum Business Property, Ltd.	Lafayette	Lafayette	\$316,601	\$0	\$0	0		12	\$12,023	\$12,023	\$39,278	A	3911
23	2003-0359		Port Aggregates Inc	Lake Charles	Calcasieu	\$731,841	\$0	\$0	25	\$9,014,500	13	\$31,627	\$28,113	\$129,682	N	3272
24	2003-0084		Shaw Process Fabricators, Inc.	West Monroe	Ouachita	\$31,280	\$0	\$0	0		5	\$1,143	\$831	\$4,848	A	3498
25	2002-0619		Stuller, Inc.	Lafayette	Lafayette	\$6,384,455	\$0	\$20,962	158	\$33,203,700	0	\$136,563	\$136,563	\$794,912	A	3911
Applications	25				TOTALS	\$865,024,324	\$2,684,215	\$66,817	783	\$293,290,190	4,243	\$21,618,665	\$18,043,641	\$111,594,266		

John Jernigan presented three transfers of exemption contracts (change in ownership)

A motion was made by Mr. Kleinpeter, seconded by Mrs. Pecoraro to approve all of the change in ownership applications. Motion carried unanimously.

The following companies request a TRANSFER of ownership:

FORMER OWNER	NEW OWNER	PARISH
Phoenix Fittings Co., LLC 19970495,20000557,20019427	Capitol Manufacturing, LLC	Acadia
Louisiana Machinery Company 20029197	Graphic Packaging International	Ouachita
Alcoa World Alumina, LLC 20009237,20019291,20009386	Almatis AC, Inc.	Concordia

John Jernigan presented three contract cancellations.

A motion was made by Mr. Trahan, seconded by Mr. Rustin Johnson to approve the contract cancellations. Motion carried unanimously.

CONTRACT CANCELLATIONS

COMPANY NAME	CONTRACT NUMBER		REASON FOR CANCELLATION	PARISH
Dixie Carbonic Products	All active contracts		Moved out of state	Ouachita
Elan Boats, LLC	19980385		Non-compliance with the rules of the program	Tangipahoa
Rhodia – Unit located in Monsanto Plant	All Active contracts		No longer in business	St. Charles

John Jernigan presented thirteen contract renewals.

Mrs. Roque asked if the contract renewal period is for another five years and if any consideration is given to whether or not they are still doing what they are suppose to do. John Jernigan answered that when the renewal contracts are mailed out, a renewal data sheet is included that asks if they are still manufacturing, how many people they had employed the first year and how many they had employed the fifth year. If they are still manufacturing they are recommended for renewal.

A motion was made by Mr. Broussard, Jr., seconded by Mr. Montelepre to approve all of the contract renewals. Motion carried unanimously.

RENEWAL CONTRACTS FOR ORLEANS PARISH

Baroid Drilling Fluids Inc.	19980503
Entergy New Orleans Inc.	19999507,19999506
Folger Coffee Company	19970105
Harvey Press	19999511
Lockheed Martin Michoud Space	19999510
Lone Star Industries	19999515,19960461,19999516
Scariano Brothers, LLC	19999509
Southern Foods Group	19970422
Textron Marine & Land Systems	19999517
Torino Belts	19980115
Turnbull Bakeries	19980509
US Filter Recovery Services	19999508
United States Gypsum	19999513

Mr. Broussard asked John Jernigan if what Entergy was proposing is any different than what Citgo is doing. Mr. Jernigan's answer was that Entergy's interpretation of the Industrial Tax Exemption program is that if you build a new plant you should be eligible, if you add to an existing plant you should be eligible. If you do anything else, you shouldn't be eligible

Industrial Tax Exemption (miscellaneous capital addition)

Laverne presented fifty-nine miscellaneous capital addition applications.

A motion was made by Mr. Rustin Johnson, seconded by Leroy St. Pierre to approve all of the miscellaneous addition applications. Motion carried unanimously.

Mrs. Holt asked if an analysis is ever done on companies that continuously come back to the board. Laverne explained the procedure to file a miscellaneous addition application. Mrs. Holt said that she would be very interested to know the number of companies that

probably never pay their taxes because they apply for a tax exemption over and over again. Laverne answered that these are not the same applications coming back before the board, but are new applications from companies making additions. The board members engaged in a discussion concerning the different program rules, policies, and clarification on who pays taxes and who doesn't....the school's board participation, the tax assessor's participation, etc. Mr. Murano commented that all we are really doing is putting ourselves on a level playing field with the different states around us. Mrs. Holt asked if the money the school board gets in this state comes from the millage that's on property. Mrs. Roque explained that if a million dollars in (ad valorem) taxes is collected on a 200 acre tract annually and somebody built a billion dollar plant on it, they are seeking exemptions from the improvements, but they still pay what they have always paid on the 200 acre tract.

Mr. Harris asked if copies of the various studies that have compared Louisiana's program to other states could be provided for the board members. He is interested in observing the studies collectively.

Mike Williams told the board that the staff will provide each member with a copy of Dr. Richardson's study, and any updated copies of legislation that affects the board.

Mike Thompson asked for any updates concerned the new Quality Jobs bill that was passed.

Mr. Murano suggested the co-chairman chair the policy and rules committee and acknowledged the retirees.

Meeting Adjourned